



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE STATE BUDGET
LANSING

MARY A. LANNOYE
DIRECTOR

March 17, 2006

The Honorable Shirley Johnson, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48901

The Honorable Scott Hummel, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48901

Dear Legislators:

Attached is the monthly financial report for the month ending January 31, 2006. This report is submitted pursuant to MCL 18.1386. This report can also be found on the Internet at the following address:

www.michigan.gov/budget under "Financial Reports."

If you have questions concerning the information in this report, please contact this office.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mary A. Lannoye".

Mary A. Lannoye
State Budget Director

Attachment

cc: List attached

cc: Governor Jennifer Granholm
Ken Sikkema, Senate Majority Leader
Craig DeRoche, Speaker of the House
Bob Emerson, Senate Minority Leader
Diane Byrum, House Minority Leader
Senate Appropriations Committee
House Appropriations Committee
Nancy Cassis, Chair, Senate
Finance Committee

Fulton Sheen, House Tax Policy Committee
John Burchett, Executive Office
Tim Hughes, Executive Office
Senate Fiscal Agency
House Fiscal Agency
Mike Moody, Financial Management
Nancy Duncan, Deputy Director
State Budget Office
Internal Office of the State Budget
Distribution

GENERAL FUND, GENERAL PURPOSE
Fiscal Year 2006
Projected Revenues and Expenditures
January 31, 2006
(\$ in millions)

	FISCAL 2006
Beginning Balance, October 1, 2005	\$ 220.5
Revenues, Current Law:	
Current Year GF/GP Revenues, January 2006 Consensus Estimate	\$ 8,207.8
Adjustments to Consensus Baseline	
Additional Revenue Adjustments:	
Revenue Sharing Freeze (PA 196 of 2005 and January 2006 Consensus)	\$ 358.1
Suspend County Revenue Sharing (PA 356 and 357 of 2004)	\$ 192.4
Non-Use of SBT Pharmaceutical Credit	\$ 10.0
Financial Institutions Fund Revenue Deposit to GF	\$ 15.0
Interest Earnings - Tobacco Securitization (PA 226 of 2005)	\$ 10.0
Subtotal Additional Revenue Adjustments	\$ 585.5
Anticipated Revenue Adjustments:	
Land Sales (including HB 5114)	\$ 47.0
Reduce Sales Tax to Comprehensive Transportation Fund; deposit to GF (SB 839)	\$ 10.8
Agriculture Equine Industry Development Fund Revenue Deposit to GF (HB 5498)	\$ 2.0
Remonumentation Fund Revenue Deposit to GF (SB 959)	\$ 15.0
State Services Fee Fund Deposit to GF (pending legislation)	\$ 6.0
Subtotal Anticipated Revenue Adjustments	\$ 80.8
Total FY Resources Available For Expenditure GF/GP	\$ 9,094.6
Expenditures, Current Law:	
Enacted Post Vetoes	\$ 8,975.7
Enacted Supplemental (PA 226 of 2005)	\$ 1.0
Enacted Supplemental (PA 297 of 2005)	\$ 4.9
Total Expenditures Projected	\$ 8,981.6
Projected Ending Balance, September 30, 2006	\$ 113.0

¹ Subsequent to the date of this report, on February 9, 2006, the Governor requested fiscal year 2006 supplemental appropriations and issued her fiscal year 2007 Executive Budget recommendation. As a result of those actions, the fiscal year ending balance is now estimated to be \$79.8 million.

OFFICIAL BALANCE SHEET

SCHOOL AID FUND Fiscal Year 2006 Projected Revenues and Expenditures January 31, 2006 (\$ in millions)

	FISCAL 2006
Beginning Balance, October 1, 2005	\$ 93.7
Current Year School Aid Fund Revenues, January 2006 Consensus	\$ 11,230.9
Adjustments to Consensus Baseline	
FY04 Audit Receivables Adjustments	\$ 3.0
Subtotal, School Aid Fund, Current Year Direct Resources	\$ 11,233.9
School Bond Loan Revolving Fund	\$ 44.5
General Fund Subsidy	\$ 62.7
	\$ 107.2
Federal Aid	\$ 1,392.6
Total Available SAF Resources	\$ 12,827.4
Expenditures	
Enacted Appropriations PA 155 of 2005	\$ 12,757.2
Revised cost estimates	\$ (51.5)
Pending Supplemental Request (January 17, 2006)	\$ 41.5
Adjusted Appropriations	\$ 12,747.2
Projected School Aid Fund Ending Balance September 30, 2006	\$ 80.2

SUMMARY OF EXPENDITURES AND ENCUMBRANCES

GENERAL FUND GROSS

January 31, 2006

(\$ IN MILLIONS)

FISCAL YEAR 2004-05

FISCAL YEAR 2005-06

January 2005	Yr-to-date 2004-05	Fiscal Yr end SEP 30, 2005	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc January 2006	Exp & Enc Yr-to-date 2005-06
7.4	32.7	93.6	Agriculture	119.2	0.0	7.2	30.3
4.6	18.5	57.4	Attorney General	63.8	0.5	4.7	19.0
24.1	96.0	291.2	Capital Outlay	228.3	0.0	0.0	4.3
1.0	4.0	12.3	Civil Rights	13.2	0.0	1.1	4.0
1.8	7.8	25.3	Civil Service	35.9	0.0	1.9	7.2
165.8	748.3	1,909.7	Colleges & Universities	1,868.8	0.5	184.6	704.0
770.5	3,140.5	9,808.9	Community Health	10,203.9	0.0	834.9	3,085.0
138.6	560.2	1,682.4	Corrections	1,841.3	0.0	148.5	579.1
4.2	35.4	78.8	Education	101.1	0.0	4.3	28.8
12.0	54.6	178.5	Environmental Quality	410.5	0.0	15.7	59.1
0.4	1.7	5.0	Executive Office	5.4	0.0	0.4	1.7
3.5	13.9	53.9	History, Arts & Library	53.2	0.0	4.0	14.0
319.2	1,228.1	3,929.5	Human Services	4,423.9	0.0	411.2	1,339.6
0.0	0.0	0.0	Information Technology	0.0	0.0	0.0	0.0
7.5	44.9	207.0	Judiciary	255.4	0.0	26.4	66.5
82.9	212.7	719.9	Labor & Economic Growth	862.6	0.0	68.6	212.9
10.4	42.0	131.2	Legislature	129.7	0.0	11.2	43.2
10.4	50.3	151.9	Management & Budget	169.8	9.9	12.9	53.1
8.4	37.8	102.6	Military Affairs	111.6	0.0	9.0	38.8
6.8	28.5	74.4	Natural Resources	95.8	0.0	5.6	30.7
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
17.4	63.3	215.3	State	197.4	0.0	16.1	74.3
43.1	125.1	427.4	State Police	550.8	12.3	41.0	140.7
0.0	0.0	0.0	Transportation	0.0	0.0	0.0	0.0
25.7	551.6	1,528.7	Treasury	1,794.2	55.4	92.8	677.0
\$1,665.7	\$7,097.9	\$21,684.9		\$23,535.9	\$78.6	\$1,902.1	\$7,213.3

*Includes boilerplate appropriations.

ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2006

January, 2006

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	15,734.5	0.0	15,734.5
Total state spending from state resources	27,094.4	396.5	27,490.9
Percentage of state spending from state resources paid to local units	58.07%		57.24%
Required payments to local units (48.97%)	13,268.1		13,462.3
Surplus/(deficit)	\$2,466.4		\$2,272.2

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
OCTOBER 1, 2005 THROUGH JANUARY 31, 2006
(in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
Miscellaneous	<u>17</u>
Total Revenues	<u>17</u>

EXPENDITURES

Current:	
General government	-
Education	-
Family Independence services	-
Public safety and corrections	<u>-</u>
Total Expenditures	<u>-</u>
Excess of Revenues over (under)	
Expenditures	<u>17</u>

OTHER FINANCING SOURCES (USES)

Proceeds from Bond Issues	-
Operating transfers from:	
State Lottery Fund	-
Other funds	<u>-</u>
Total operating transfers from other funds	-
Operating transfers to other funds	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>
Excess of Revenues and Other	
Sources over (under) Expenditures	
and Other Uses	<u><u>\$ 17</u></u> ¹

¹ Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENSES
MICHIGAN STRATEGIC FUND
OCTOBER 1, 2005 THROUGH JANUARY 31, 2006
(in thousands)

OPERATING REVENUES

Operating revenues	\$ -
Interest income	-
Investment revenue (net)	-
Miscellaneous:	
Federal revenues	-
Financing fees	773
Other	-
Total miscellaneous	<u>773</u>
Total Operating Revenues	<u>773</u>

OPERATING EXPENSES

Salaries, wages, and other administrative	-
Interest expense	-
Depreciation	-
Purchases for resale	-
Other operating expenses:	
Loan loss expense	-
Tuition benefit expense	-
Amortization of deferred issue costs	-
Miscellaneous	-
Total other operating expenses	<u>-</u>
Total Operating Expenses	<u>-</u>
Operating Income (Loss)	<u>773</u>

NONOPERATING REVENUES (EXPENSES)

Federal grant revenue	-
Interest revenue	-
Other nonoperating revenues:	
Tribal gaming revenue	-
Other nonoperating revenue	-
Total other nonoperating revenues	<u>-</u>
Nonoperating grants	-
Interest expense	-
Other nonoperating expense	-
Total Nonoperating Revenues (Expenses)	<u>-</u>
Income (Loss) Before Operating Transfers	<u>773</u>

OPERATING TRANSFERS

Operating transfers from primary government	-
Operating transfers to primary government	(513)
Total Operating Transfers In (Out)	<u>(513)</u>
Net Income (Loss)	<u>\$ 260 ¹</u>

¹ Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
MICHIGAN NATURAL RESOURCES TRUST FUND
OCTOBER 1, 2005 THROUGH JANUARY 31, 2006
(in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>34,866</u>
Total Revenues	<u>34,866</u>

EXPENDITURES

Current:	
General government	-
Conservation, environment, recreation, and agriculture	943
Capital outlay	<u>10,080</u>
Total Expenditures	<u>11,023</u>
Excess of Revenues over (under) Expenditures	<u>23,843</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues	-
Proceeds from sale of capital assets	98
Operating transfers from other funds	-
Operating transfers to other funds	<u>(10,000)</u>
Total Other Financing Sources (Uses)	<u>(9,902)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u><u>\$ 13,941</u></u> ¹

¹ Balance does not reflect closing adjustments such as accounts receivable,
accounts payable, etc.

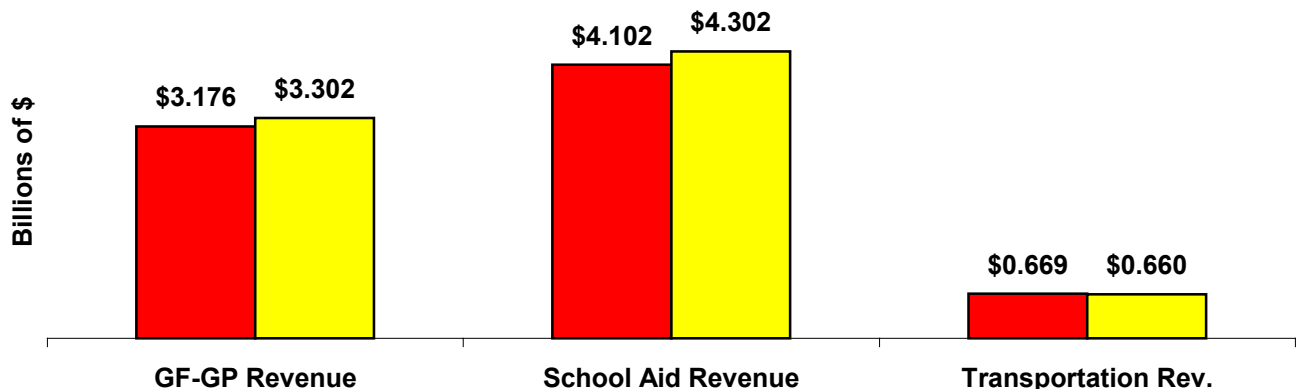
REVENUE OVERVIEW
Economic and Revenue Forecasting Division
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for January 2006, representing some December and some January economic activity in Michigan.

Total General Fund - General Purpose cash collections were \$64.2 million (6.8 percent) higher in January 2006 than in January 2005. January School Aid Fund cash collections were \$97.2 million (12.1 percent) higher than in January 2005. The increase was due in part to the timing of sales tax collections. January transportation collections were \$0.6 million (0.3 percent) higher than in January 2005 (see revenue table). January is the fourth month of the state's fiscal year. Year-to-date collection totals generally provide a more accurate view of collections, since they are less affected by the timing of payments. Year-to-date General Fund - General Purpose cash collections are up \$126.0 million (4.0 percent) from a year ago. School Aid Fund cash collections are up \$199.7 million (4.9 percent), and transportation collections are down \$9.1 million (1.4 percent).

The FY 2005-2006 revenue projections presented in the revenue table on page 10 are from the Consensus Revenue Estimating Conference held on January 12, 2006. The Consensus estimate for net General Fund – General Purpose revenue for FY 2005-2006 is \$8,207.8 million and the net School Aid revenue forecast is \$11,230.9 million. The Transportation Funds revenue forecast is \$2,249.8 million. The revenue projections for each tax are shown after all tax adjustments. The next regularly scheduled revenue conference will be held in May 2006.

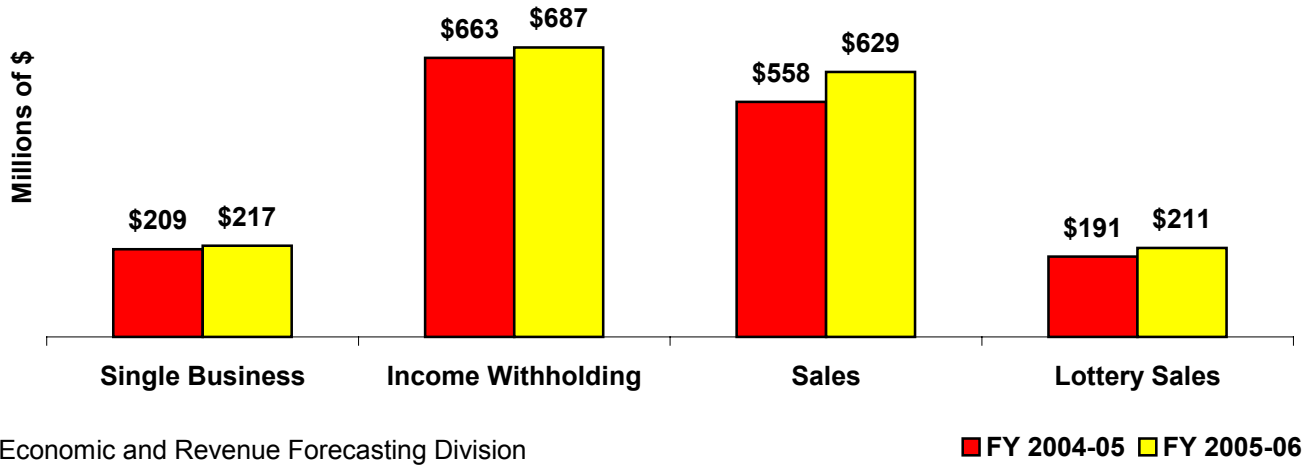
October through January Collections
Fiscal Years 2004-05 and 2005-06



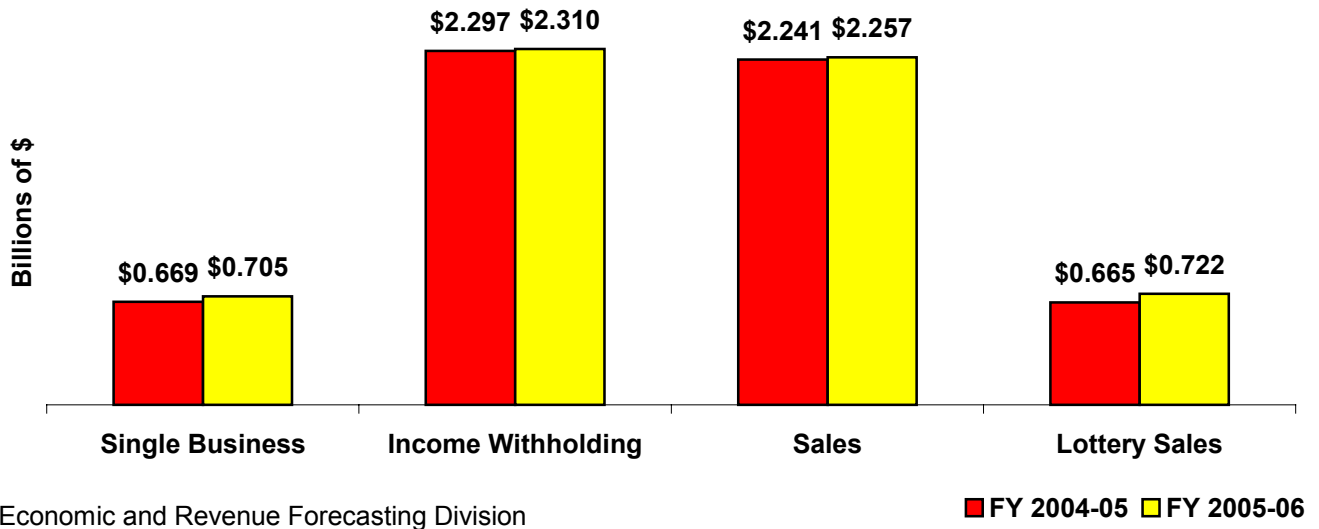
Economic and Revenue Forecasting Division

■ FY 2004-05 ■ FY 2005-06

January Revenue Collections Fiscal Years 2004-05 and 2005-06



October through January Collections Fiscal Years 2004-05 and 2005-06



Revenue Summary 2005-06
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: January 31, 2006

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JANUARY CASH COLLECTIONS DATA						REVENUE PROJECTIONS		
January		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2004-2005	2005-2006	2005-2006	
2005	2006	Amount	Percent		2004-05	2005-06	Amount	Percent	Actual Totals	Statutory Estimate	Jan 2006 Consensus	
Income Taxes												
\$663,086	\$687,432	\$24,346	3.7%	Withholding	\$2,296,973	\$2,309,828	\$12,854	0.6%	\$6,427,400	\$6,607,100	\$6,556,600	
151,040	188,869	37,829	25.0%	Quarterlies	230,041	277,244	47,203	20.5%	643,000	670,100	670,000	
13,839	16,179	2,340	16.9%	Annuals	49,473	56,076	6,603	13.3%	648,600	624,200	640,100	
827,965	892,479	64,514	7.8%	Gross Collections	2,576,488	2,643,147	66,660	2.6%	\$7,719,000	\$7,901,400	\$7,866,700	
58,888	56,135	(2,753)	-4.7%	Less: Refunds	140,053	125,474	(14,579)	-10.4%	1,610,800	1,725,000	1,696,000	
0	0	0	na	State Campaign Fund	0	0	0	na	1,500	1,500	1,500	
769,077	836,344	67,267	8.7%	Net Personal Income	2,436,434	2,517,673	81,239	3.3%	\$6,106,700	\$6,174,900	\$6,169,200	
206,991	232,045	25,053	12.1%	Less: Disbursements to SAF	644,122	687,218	43,096	6.7%	\$1,985,600	\$2,051,000	\$2,041,400	
\$562,085	\$604,299	\$42,214	7.5%	NET PERSONAL INCOME TO GF-GP	\$1,792,312	\$1,830,455	\$38,142	2.1%	\$4,121,100	\$4,123,900	\$4,127,800	
Consumption Taxes												
\$7,840	\$8,509	\$669	8.5%	Sales (a)	\$31,556	\$28,177	(\$3,379)	-10.7%	\$99,200	\$114,700	\$105,300	
76,311	74,780	(1,532)	-2.0%	Use	300,303	299,120	(1,183)	-0.4%	934,700	963,600	961,500	
9,944	19,334	9,390	94.4%	Tobacco	39,845	78,103	38,258	96.0%	116,500	228,100	231,300	
3,709	2,569	(1,140)	-30.7%	Beer, Wine & Mixed Spirits	15,806	14,506	(1,299)	-8.2%	51,000	52,500	52,000	
3,991	4,191	200	5.0%	Liquor Specific	9,654	9,836	182	1.9%	33,600	34,000	34,000	
\$101,797	\$109,383	\$7,586	7.5%	TOTAL CONSUMPTION TAXES	\$397,163	\$429,742	\$32,579	8.2%	\$1,234,900	\$1,392,900	\$1,384,100	
Other Taxes												
\$208,606	\$216,822	\$8,216	3.9%	Single Business	\$668,799	\$704,980	\$36,181	5.4%	\$1,913,500	\$1,913,800	\$1,817,900	
25,944	31,283	5,339	20.6%	Insurance Premiums Taxes	78,771	88,145	9,374	11.9%	249,500	240,000	255,000	
234,550	248,105	13,555	5.8%	Sub-total SBT & Insurance	747,570	793,125	45,555	6.1%	2,163,000	2,153,800	2,072,900	
3,125	(454)	(3,580)	na	Inheritance / Estate	12,083	58	(12,025)	-99.5%	101,500	8,000	5,000	
(0)	3	3	na	Telephone & Telegraph	45,716	46,435	719	1.6%	99,100	81,300	83,000	
6,527	8,486	1,959	30.0%	Oil & Gas Severance	21,407	33,791	12,384	57.9%	66,700	60,000	84,000	
3,353	3,652	299	8.9%	Casino Wagering	10,181	14,687	4,506	44.3%	42,200	43,100	43,200	
10,690	12,540	1,850	17.3%	Penalties & Interest	37,143	44,482	7,340	19.8%	142,500	108,000	145,700	
(67)	(10)	58	-85.7%	Miscellaneous Other/Railroad	156	128	(28)	-17.6%	1,200	0	0	
(6,667)	(7,667)	(1,000)	15.0%	Treasury Enforcement Programs	(26,667)	(27,667)	(1,000)	3.8%	(91,200)	(80,000)	(92,000)	
\$251,511	\$264,655	\$13,144	5.2%	TOTAL OTHER TAXES	\$847,588	\$905,039	\$57,451	6.8%	\$2,525,000	\$2,374,200	\$2,341,800	
\$915,393	\$978,337	\$62,944	6.9%	SUBTOTAL GF-GP TAXES	\$3,037,064	\$3,165,236	\$128,172	4.2%	\$7,881,000	\$7,891,000	\$7,853,700	

continued

Revenue Summary 2005-06
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: January 31, 2006

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JANUARY CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
January		Difference			Year-to-Date		Difference		2004-2005	2005-2006	2005-2006
2005	2006	Amount	Percent	SOURCE OF REVENUE	2004-05	2005-06	Amount	Percent	Actual	Statutory	Jan 2006
									Totals	Estimate	Consensus
Non-Tax Revenue(h)											
\$2,917	\$2,917	\$0	0.0%	Federal Aid	\$11,667	\$11,667	\$0	0.0%	\$35,700	\$35,000	\$35,000
167	167	0	0.0%	Local Agencies	667	667	0	0.0%	300	2,000	2,000
1,500	1,500	0	0.0%	Services	6,000	6,000	0	0.0%	19,800	18,000	18,000
4,500	2,833	(1,667)	-37.0%	Licenses & Permits	18,000	16,333	(1,667)	-9.3%	27,400	54,000	34,000
(1,195)	(213)	981	-82.1%	Investments/Interest Costs	(1,195)	(213)	981	-82.1%	(54,400)	(85,000)	(70,000)
9,433	12,050	2,617	27.7%	Misc. Non-tax Revenue	37,733	43,175	5,442	14.4%	135,100	124,500	144,600
11,333	11,667	333	2.9%	Liquor Purchase Revolving Fund	45,333	45,167	(167)	-0.4%	142,200	134,000	140,000
5,192	4,208	(983)	-18.9%	From Other Funds-Lottery & Escheats	20,767	14,033	(6,733)	-32.4%	111,700	39,300	50,500
\$33,847	\$35,128	\$1,281	3.8%	TOTAL NON-TAX REVENUE	\$138,972	\$136,828	(\$2,144)	-1.5%	\$417,800	\$321,800	\$354,100
\$949,240	\$1,013,465	\$64,225	6.8%	TOTAL GF-GP REVENUE	\$3,176,036	\$3,302,065	\$126,029	4.0%	\$8,298,900	\$8,212,900	\$8,207,800
School Aid Fund											
\$227,544	\$254,202	\$26,659	11.7%	Sales Tax 4%	\$913,333	\$921,784	\$8,452	0.9%	2,690,000	2,814,800	2,774,900
179,190	205,401	26,211	14.6%	Sales Tax 2%	719,101	720,661	1,560	0.2%	2,115,700	2,213,600	2,174,900
38,156	37,390	(766)	-2.0%	Use Tax 2%	150,152	149,560	(591)	-0.4%	467,600	481,800	480,800
24,907	32,638	7,730	31.0%	State Education Property Tax	1,146,448	1,266,131	119,684	10.4%	1,914,500	1,956,900	2,010,000
22,445	25,814	3,369	15.0%	Real Estate Transfer Tax	107,161	111,708	4,547	4.2%	313,500	316,000	310,000
50,000	55,000	5,000	10.0%	Lottery Transfer (d)	159,883	185,579	25,697	16.1%	667,600	654,300	685,000
7,759	8,452	693	8.9%	Casino Wagering Tax	23,561	33,989	10,428	44.3%	97,600	99,700	100,000
3,953	4,176	223	5.6%	Liquor Excise Tax	9,523	9,767	244	2.6%	33,100	34,000	34,000
39,876	39,251	(625)	-1.6%	Cigarette/Tobacco Tax	159,775	158,561	(1,214)	-0.8%	472,700	463,100	469,800
1,147	4,594	3,447	301.0%	Indus. & Comm. Facilities Taxes	66,835	52,494	(14,340)	-21.5%	138,200	133,000	136,000
732	958	226	30.9%	Specific Other	2,404	4,516	2,112	87.9%	13,600	14,800	14,100
206,991	232,045	25,053	12.1%	Income Tax Earmarking	644,122	687,218	43,096	6.7%	\$1,985,600	\$2,051,000	\$2,041,400
\$802,699	\$899,919	\$97,220	12.1%	TOTAL SCHOOL AID FUND	\$4,102,295	\$4,301,970	\$199,674	4.9%	\$10,909,700	\$11,233,100	\$11,230,900
\$558,429	\$629,072	\$70,643	12.7%	SALES TAX 6%	\$2,241,322	\$2,256,968	\$15,646	0.7%	\$6,599,100	\$6,905,000	\$6,799,800
379,239	423,671	44,431	11.7%	SALES TAX 4%(d)	1,522,221	1,536,307	14,087	0.9%	4,483,400	4,691,400	4,624,900
179,190	205,401	26,211	14.6%	SALES TAX 2%	719,101	720,661	1,560	0.2%	2,115,700	2,213,600	2,174,900
114,467	112,169	(2,298)	-2.0%	USE TAX 6%	450,455	448,681	(1,774)	-0.4%	1,402,300	1,445,500	1,442,300
11,591	12,626	1,035	8.9%	CASINO WAGERING TAX	35,196	50,774	15,577	44.3%	145,800	149,000	149,400
98,460	97,156	(1,304)	-1.3%	TOBACCO TAXES	394,505	392,477	(2,028)	-0.5%	1,179,900	1,145,500	1,161,500
0	0	0	na	TOBACCO SETTLEMENT	5	3,116	3,110	na	na	na	na
0	0	(0)	na	CIGARETTE INVENTORY TAX	(260)	0	260	na	na	na	na

continued

Revenue Summary 2005-06
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: January 31, 2006

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JANUARY CASH COLLECTIONS DATA					REVENUE PROJECTIONS			
January		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2004-2005	2005-2006	2005-2006	
2005	2006	Amount	Percent		2004-05	2005-06	Amount	Percent	Actual	Statutory	Jan 2006	
Totals											Estimate	Consensus
Major Transportation Revenues												
\$13,389	\$13,570	\$181	1.4%	Diesel Fuel / Motor Carrier Fuel Tax (g)	\$52,236	\$52,843	\$607	1.2%	\$146,308	\$151,100	\$153,000	
80,786	77,227	(3,559)	-4.4%	Gasoline	315,024	303,385	(11,639)	-3.7%	922,368	942,000	927,700	
78,974	83,235	4,261	5.4%	Motor Vehicle Registration	263,231	265,266	2,036	0.8%	863,367	891,300	899,000	
4,963	3,642	(1,320)	-26.6%	Other Taxes, Fees & Misc.	19,741	13,555	(6,187)	-31.3%	221,060	190,013	201,484	
4,712	5,719	1,007	21.4%	Comprehensive Transportation (c)	18,849	24,917	6,069	32.2%	62,749	76,793	68,628	
\$182,824	\$183,393	\$569	0.3%	TOTAL MAJOR TRANS. REVENUES	\$669,080	\$659,966	(\$9,114)	-1.4%	\$2,215,852	\$2,251,205	\$2,249,811	
Lottery Sales By Games (b)												
57,592	71,447	13,855	24.1%	Instant Games	218,572	238,137	19,565	9.0%	na	na	na	
67,684	68,002	317	0.5%	Daily Games	236,639	225,894	(10,745)	-4.5%	na	na	na	
28,415	23,397	(5,017)	-17.7%	Lotto and Big Game	91,750	105,729	13,979	15.2%	na	na	na	
1,285	1,434	149	11.6%	Keno Game	4,276	4,693	417	9.7%	na	na	na	
0	0	0	na	Changeplay Game	0	0	0	na	na	na	na	
35,821	46,866	11,045	30.8%	Club Games	113,919	148,009	34,090	29.9%	na	na	na	
\$190,797	\$211,146	\$20,349	10.7%	TOTAL LOTTERY SALES	\$665,157	\$722,463	\$57,306	8.6%	na	na	na	

a GF-GP Sales has been estimated based on CTF and Health Initiative shares.

b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.

c The CTF distributions have been estimated (includes sales tax transfer and other miscellaneous revenues dedicated to the CTF).

d 2% collections adjusted to reflect exemption on residential utilities.

e Official CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.

f Non-tax revenue estimates other than interest are estimates.

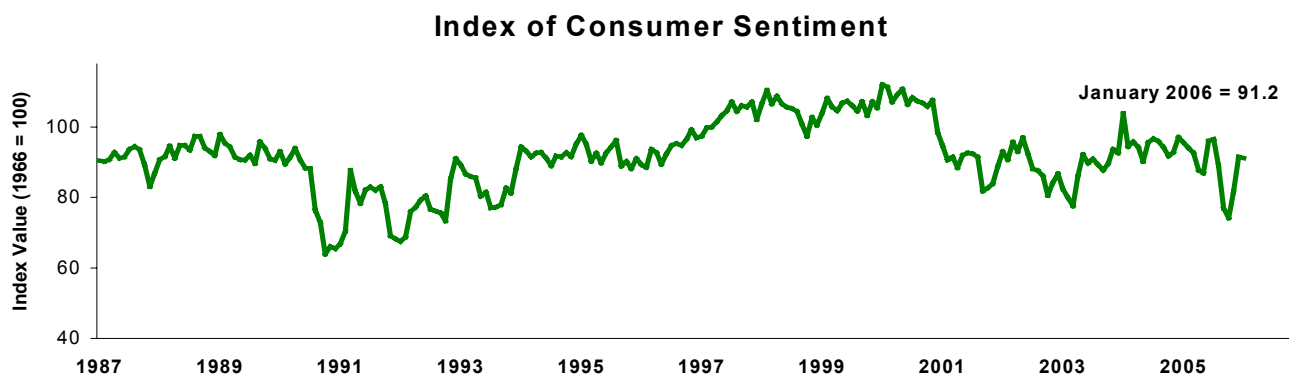
g Starting in January 2005 totals include revenue from the Motor Carrier Fuel Tax. Prior year totals have been adjusted to also include the Motor Carrier Fuel Tax.

Source: Michigan Department of Treasury, Economic and Revenue Forecasting Division, based on reports from the Office of Financial Management, Michigan Department of Management and Budget, and other reports from the Michigan Department of Treasury.

Economic Highlights

(All data seasonally adjusted unless otherwise noted.)

U. S. Economy



Source: University of Michigan, Survey Research Center

The **Index of Consumer Sentiment** was 91.2 in January, 0.3 index-points below the December value and 4.3 index-points below January 2005. Survey director Richard Curtin reported, “The nearly unchanged level of the Sentiment Index from December to January resulted from several offsetting shifts. The Sentiment Index rose in early January and then fell later in the month largely reflecting trends in the cost of gas and home heating. There were also divergent trends across population groups, with higher income families, residents of the West, and younger householders all reporting less favorable assessments. Finally, consumers’ evaluations of current economic conditions improved while their expectations for future changes weakened.” On higher energy prices, Curtin noted that, “Higher gas prices and smaller income gains have begun to erode the financial prospects of consumers.” On vehicle buying purchases, Curtin reported, “Vehicle buying attitudes improved in early January and then consumers became more cautious as oil prices increased. Although gas price expectations had been declining in late 2005, by the end of January consumers anticipated significant additional increases in gas prices over the next several years. These more negative long term gas price expectations will continue to shift consumers’ purchase preferences toward more fuel efficient vehicles.” In January, consumers in two of the four regions reported an increase in confidence. Midwestern consumers reported an increase in confidence of 3.2 index-points, followed by Northeastern consumers at 1.7 index-points. Western consumers reported a 5.1 index-point decrease, while Southern consumers reported a decrease in confidence of 1.0 index-points. The gap across regions decreased from last month to 9.3 index-points, with Western consumers on top and Midwestern consumers on the bottom.

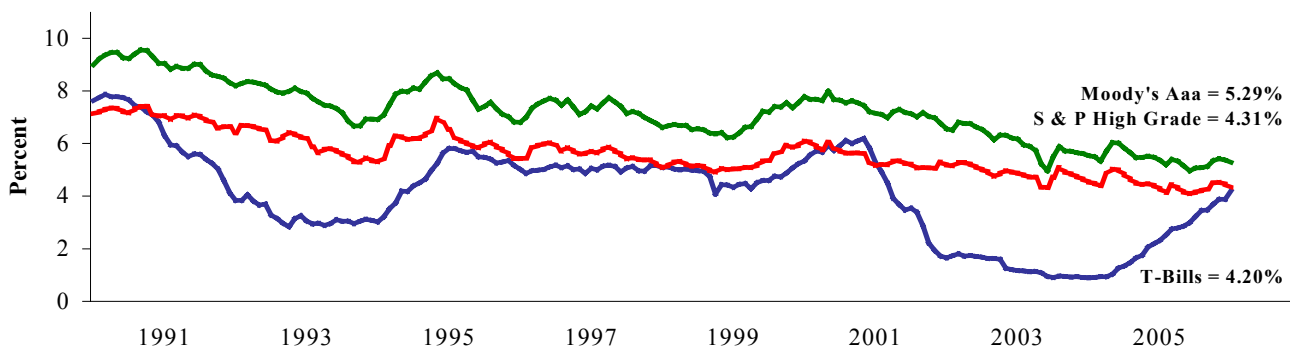
The advance estimate of real **Gross Domestic Product** for the fourth quarter of 2005 is \$11,233.5 billion (chained 2000 dollars), an increase of 1.1 percent at an annual rate. In the third quarter of 2005, real gross domestic product increased 4.1 percent. Private inventory investment, personal consumption expenditures, equipment and software, exports and residential fixed investment led fourth quarter growth. Imports, which are a subtraction in calculating GDP, increased. Real personal consumption expenditures increased 1.1 percent in the fourth quarter compared to an increase of 4.1 percent in the third quarter. Real residential fixed investment increased 3.5 percent in the fourth quarter compared to an increase of 7.3 percent in the third quarter. Real nonresidential fixed investment increased 2.8 percent in the fourth quarter led by increased investment in equipment and software of 3.5 percent. Real federal government expenditures decreased 7.0 percent in the fourth quarter, compared to an increase of 7.4 percent in the third quarter. Real state and local government spending increased 0.4

percent in the fourth quarter compared to a 0.2 percent increase in the third quarter. Exports of goods and services increased 2.4 percent in the fourth quarter, compared to a 2.5 percent increase in the third quarter. Imports increased 9.1 percent in the fourth quarter compared to a increase of 2.4 percent in the third quarter. Private inventory investment rose \$25.7 billion in the fourth quarter, up from a \$13.3 billion decrease in the third quarter. Real final sales decreased at a 0.3 percent rate in the fourth quarter compared to a 4.6 percent rate in the third quarter. On the inflation front, the **implicit price deflator** increased at a 3.0 percent annual rate in the fourth quarter, compared to an increase of 3.3 percent observed in the third quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), increased 0.7 percent in January, up from a 0.1 percent decrease in December. Energy increased by 5.0 percent in January; compared to a 2.1 percent decrease in December, while the all-items less food and energy component increased 0.2 percent. For the six months since July, the all-items index increased at a 4.0 percent annual rate.

Compared to January 2005, the all-items index increased 4.0 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 2.6 percent; housing, 4.3 percent; medical care, 4.0 percent; recreation, 0.9 percent; education and communication, 2.7 percent; and other goods and services, 2.9 percent, with tobacco prices up 4.3 percent; transportation 7.3 percent, with gasoline prices up 27.4 percent. The unadjusted decreases from one year ago were: apparel, 1.0 percent.

Selected Key Interest Rates

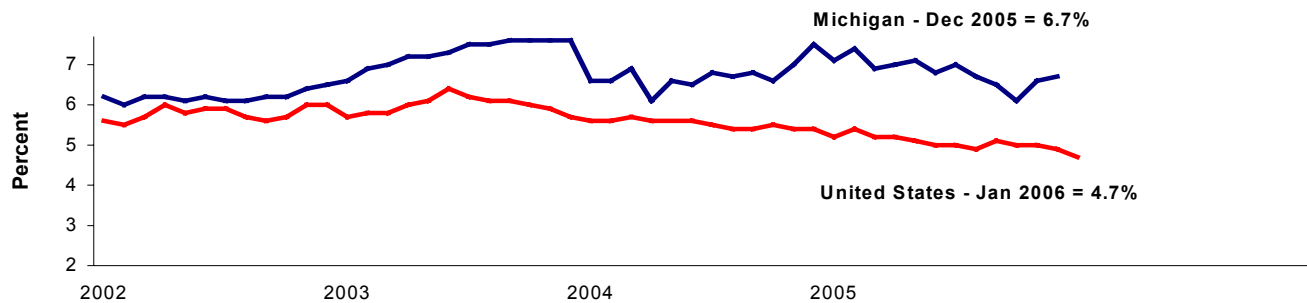


Source: Economic Indicators

Short-term **interest rates** increased 0.31 percentage points in January as the 3-month Treasury bill (T-bill) rate averaged 4.20 percent. Compared to one year ago, the T-bill rate is up 1.88 percentage points. Long-term interest rates, such as the Aaa corporate bond rate, decreased 0.11 percentage points to an interest yield of 5.29 percent in January. Compared to one year ago, the Aaa bond yield is down 0.07 percentage points. The interest rate on High-grade municipal bonds decreased 0.15 percentage points to 4.31 percent in January, and stands 0.03 percentage points above its year ago level. The Federal Open Market Committee (FOMC) raised the federal funds rate by 25 basis points at its January 31st meeting to 4.50 percent. The FOMC stated that, "Although recent economic data have been uneven, the expansion in economic activity appears solid. Core inflation has stayed relatively low in recent months and longer-term inflation expectations remain contained." The FOMC judges that, "some further measured policy firming may be needed to keep the risks to the attainment of both sustainable economic growth and price stability roughly in balance." The committee "will respond to changes in economic prospects as needed to foster these objectives."

In January, the **U. S. unemployment rate** decreased 0.2 percentage points from a month ago to 4.7 percent and was down 0.5 percentage points from one year ago. Civilian employment totaled 143.1 million persons in January, up 0.3 million from December. The number of unemployed was 7.0 million nationwide.

Unemployment Rates 2002 - 2006

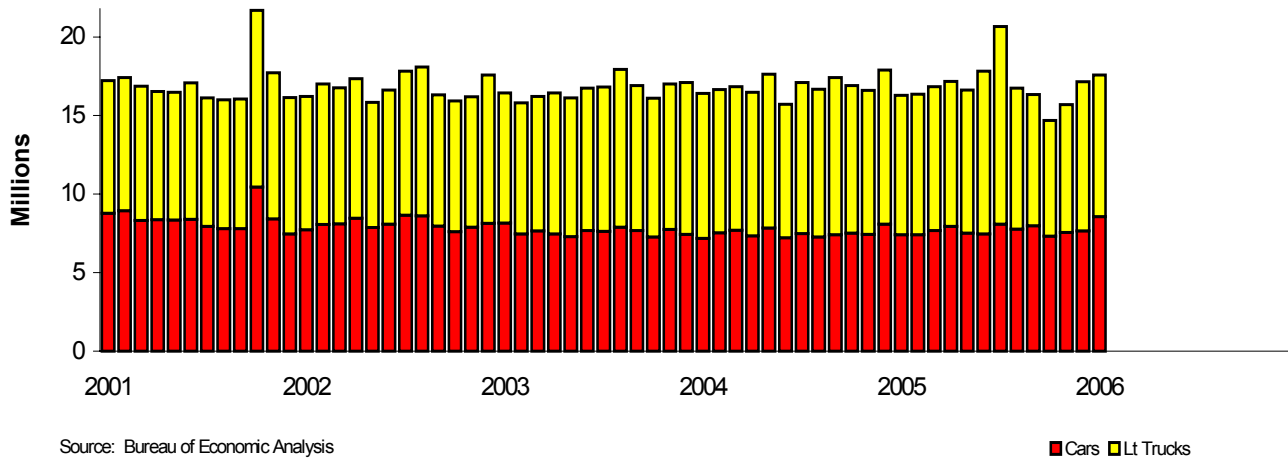


Source: Bureau of Labor Statistics and Michigan Department of Labor & Economic Growth, Employment Service Agency

In December, the latest data available, the **Michigan jobless rate** increased 0.1 percentage points to 6.7 percent. Compared to a year ago, Michigan's jobless rate was 0.8 percentage points lower. From a month ago, the labor force increased by 5,000 to 5,139,000, while the number of people employed decreased by 2,000 to 4,795,000. In December, there were 344,000 unemployed people. Monthly unemployment rates fluctuate due to statistical sampling errors. Therefore, the three-month average of 6.4 percent may be a better measure of actual conditions.

Motor Vehicle Sector

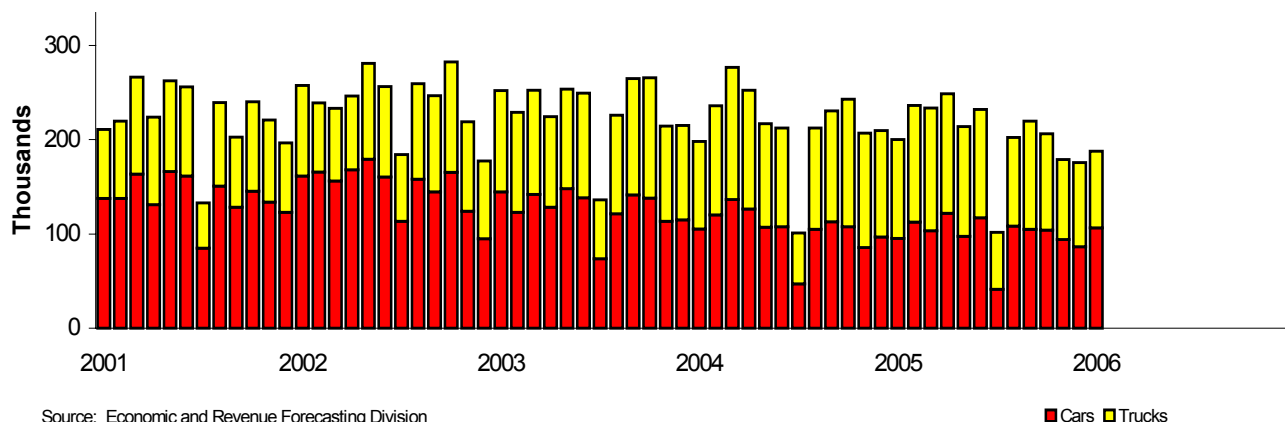
U. S. Light Vehicle Sales



U. S. light vehicle sales (cars + light trucks) increased 0.4 million units in January selling at a 17.6 million unit seasonally adjusted annual rate. Domestic car sales increased 16.6 percent while domestic light truck sales decreased 6.8 percent. Import car sales decreased 1.3 percent while import light truck sales increased 7.9 percent. Compared to last year, light vehicle sales increased 7.8 percent. Domestic car sales were up 20.4 percent while domestic light truck sales increased 0.2 percent. Import car sales were up 2.0 percent while import truck sales rose 9.9 percent from last year. As a result, the domestic share increased 0.5 percentage points from a year ago. For fiscal year 2006 year-to-date, domestic light vehicles have recorded a 79.7 percent share of a 16.3 million-unit market.

Michigan motor vehicle production increased to 187,747 units in January. From a year ago, motor vehicle production decreased 6 percent in Michigan and remained unchanged nationally. In January, Michigan's car production was 106,399 units while the state's truck production was 81,348 units. Compared with a year ago, car production rose 12 percent in Michigan and rose 7 percent nationwide. The state's truck production decreased 22 percent while national truck production fell 4 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.

Michigan Motor Vehicle Production



**Summary Estimates of the Constitutional Revenue Limit
Based on the January 12, 2006 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

	Fiscal Year 2003-2004 Actual	Fiscal Year 2004-2005 Estimate	Fiscal Year 2005-2006 Estimate
Applicable Calendar Year Personal Income	\$303,745	\$314,460	\$324,134
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	\$28,825.4	\$29,842.3	\$30,760.3
Revenue Limit	\$28,825.4	\$29,842.3	\$30,760.3
State Revenue Subject to Limit	\$24,384.7	\$24,949.8	\$25,294.5
Amount Under (Over) Limit	\$4,440.7	\$4,892.4	\$5,465.8

Sources:

Personal Income Estimate

The FY 2003-04 calculation uses the official personal income estimate for calendar year 2002 (Survey of Current Business, August 2003).

The FY 2004-05 calculation uses the official personal income estimate for calendar year 2003 (Survey of Current Business, September 2004).

The FY 2005-06 calculation uses the official personal income estimate for calendar year 2004 (Survey of Current Business, October 2005).

Revenue Subject to the Limit

The FY 2003-04 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2004.

The FY 2004-05 calculation uses the January 12, 2006 Consensus Revenue Agreement.

The FY 2005-06 calculation uses the January 12, 2006 Consensus Revenue Agreement.

Prepared By: Economic and Revenue Forecasting Division, Michigan Department of Treasury